

# **EXHIBIT 1**

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1 UNITED STATES DISTRICT COURT  
2 SOUTHERN DISTRICT OF NEW YORK

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3 SLY MAGAZINE, LLC,

4 Plaintiff,

5 v.

05 CV 3940 (RCC)

6 WEIDER PUBLICATIONS L.L.C.  
7 AMERICAN MEDIA, INC.,

8 Defendants.

9 -----X

10 December 27, 2005  
11 10:30 a.m.

12 Before:

13 HON. RICHARD CONWAY CASEY

14 District Judge

15 APPEARANCES

16 THE BOSTANY LAW FIRM  
17 Attorneys for Plaintiff  
18 BY: JOHN PETER BOSTANY

19 PILLSBURY WINTHROP SHAW PITTMAN LLP  
20 Attorneys for Defendant  
21 Weider Publications L.L.C., et al.  
22 BY: SUSAN J. KOHLMANN  
23 NANCY VERMYLEN THORNTON  
24  
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1 disputing an order recalling the magazines that are on the  
2 newsstands. They're disputing an order preventing them from  
3 shipping any more of these magazines. And that is really what  
4 this hearing is about, Judge. It's not about whether an  
5 injunction should issue, because, as the defendants have  
6 represented, there is no prejudice to the defendants and the  
7 equities clearly lie in favor of the plaintiff in terms of the  
8 issuance of an injunction but --

9 THE COURT: Slow down, slow down. Does your client  
10 have a magazine?

11 MR. BOSTANY: Yes, Judge.

12 THE COURT: Has it ever been sold?

13 MR. BOSTANY: My clients published the magazine on the  
14 Internet in November and they have already received --

15 THE COURT: Has it ever been sold on a newsstand?  
16 Don't play cute with me.

17 MR. BOSTANY: Well, Judges, it's a distinction. It's  
18 not on the newsstand. No, there's no printed -- on the  
19 newsstand.

20 THE COURT: No printed publication. Don't try to blow  
21 past me, Mr. Bostany. You'll have a bad hair day in this  
22 courtroom. All right?

23 MR. BOSTANY: Judge, I agree with you that there is --

24 THE COURT: No, don't agree with me, just do it.

25 MR. BOSTANY: There is a distinction and we have

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1 argued in our paper that even though, as the Court correctly  
2 points out, there is no publication being sold for coins and  
3 dollars on the newsstand, that the Second Circuit has approved  
4 exactly what the plaintiff did do, which is launch the magazine  
5 on the Internet, and they have sold subscriptions to that  
6 Internet magazine, and they are publishing that magazine --

7 THE COURT: How many have they sold?

8 MR. BOSTANY: It's in an exhibit to my reply  
9 declaration, Judge. It's Exhibit U.

10 THE COURT: Don't tell me where it is. Tell me what  
11 it is.

12 MR. BOSTANY: I see approximately 40 or 50  
13 subscriptions, Judge.

14 THE COURT: At how much?

15 MR. BOSTANY: Conservative.

16 THE COURT: At how much per subscription?

17 MR. BOSTANY: \$17.99, Judge.

18 But, Judge, I respectfully submit that sales, in order  
19 to have a use in commerce in this circuit, sales are not  
20 necessary. In fact, courts have time and time again said just  
21 that, including starting from Judge Friendly's case back in the  
22 1970s. Every circuit that's addressed this issue has  
23 specifically stated that use in commerce is established by  
24 launching the magazine to the public, or launching a product to  
25 the public, having a product and launching it. And sales are

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1 irreparable harm to your client?

2 MR. BOSTANY: The irreparable harm, Judge, is exactly  
3 that which occurred in *Banff*.

4 THE COURT: Tell me what in this case is the  
5 irreparable harm.

6 MR. BOSTANY: Irreparable harm is the larger company  
7 here, American Media, Inc., which publishes an enormous amount  
8 of magazines.

9 THE COURT: We aren't discussing size, big guys and  
10 small guys. Tell me what the harm is.

11 MR. BOSTANY: As the public begins to associate the  
12 Sly trademark with a men's magazine, when a woman's magazine,  
13 which was also a lifestyle-fashion magazine, is on the  
14 newsstands, as the plaintiff has indicated in its declaration  
15 that it is about to do, and it is not unreasonable for a  
16 plaintiff that has an online magazine to also publish on  
17 newsstands, which it has declared it is about to do, that  
18 having those magazines side by side on the shelf in the same  
19 section of the newsstand would cause confusion.

20 THE COURT: It they ever occurred. That fact has  
21 never occurred, correct? The magazine is going out of  
22 existence, and therefore it will never occur. Is that not  
23 true?

24 MR. BOSTANY: That is incorrect, Judge. The plaintiff  
25 wants to put their magazine on the shelf in January or February

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1 of next year, the same exact time that the defendants' magazine  
2 is on the shelf. And the plaintiff's magazine is --

3 THE COURT: It hasn't occurred yet, has it?

4 MR. BOSTANY: They have a right to do it. It has not  
5 occurred yet, Judge. January-February of next year has not  
6 occurred yet. They have a right to do it. And if the Court  
7 says no, we're going to give the defendants a license to sell  
8 through their magazine, the plaintiff is prohibited from  
9 launching their magazine until the defendants' issue that went  
10 out yesterday is sold through newsstands, that would be a  
11 unique ruling. It would be a case of first impression. It  
12 would give a license to infringers to infringe.

13 THE COURT: You've used that phrase more than once.

14 MR. BOSTANY: Yes, Judge, and I firmly believe that it  
15 would give the license to infringers to infringe. The  
16 defendants have just published the magazine. It has just hit  
17 the newsstands. And I don't think all magazines have been  
18 shipped. Otherwise why would Ms. Kohlmann be so adamantly  
19 asking the Court not to enjoin further shipment? So it just is  
20 a --

21 THE COURT: Sir, you take great latitude suggesting  
22 dishonesty by a member of this court. And unless you have  
23 proof, sir, I would expect some apology from you. That's  
24 outrageous conduct.

25 MR. BOSTANY: Your Honor, I've already submitted

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1 that ten minutes ago.

2 MR. BOSTANY: The plaintiff is going to be thought of  
3 as an unauthorized user. They're going to be thought of as an  
4 infringer. Just like in the *Banff* case. They're the senior  
5 user. And the harm is exactly that. If the public perceives  
6 my client as an infringer upon Sylvester Stallone's magazine,  
7 Sly, the public will turn away. If the public believes that  
8 the plaintiff --

9 THE COURT: Your client, didn't they know that the  
10 moment they used the word "Sly"?

11 MR. BOSTANY: My client used the word "Sly" in 2003,  
12 Judge, years before.

13 THE COURT: Weren't they aware of Mr. Stallone being  
14 known as Sly?

15 MR. BOSTANY: I imagine, Judge, but that is an  
16 entirely --

17 THE COURT: You imagine. You sound almost  
18 incredulous.

19 MR. BOSTANY: It's an entirely different issue, Judge.  
20 The fact that a movie star is nicknamed Sly, I don't believe,  
21 is analogous to the plaintiff associating the trademark Sly  
22 with respect to magazines. And neither did the United States  
23 Patent and Trademark Office. And that is why they issued the  
24 mark Sly for the exclusive use --

25 THE COURT: I don't think you ought to start speaking

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1 something that's happening now. It's happening yesterday.  
2 It's happening in January and February of next year. And I'm  
3 asking the Court not to allow it.

4 THE COURT: Just a minute.

5 (Pause)

6 THE COURT: We'll take a short break and I'll give you  
7 a resolution to your application.

8 (Recess)

9 THE COURT: The Court has read the papers and heard  
10 the parties' arguments regarding plaintiff's application for a  
11 preliminary injunction. Plaintiff's application is denied in  
12 its entirety. Defendants' last issue is on newsstands now and  
13 counsel has stated it will not publish any more issues.

14 For the reason outlined in defendants' papers and its  
15 presentation this morning, the Court finds that plaintiff has  
16 not shown irreparable harm or the likelihood of success on the  
17 merits. Plaintiff's recent correspondence regarding discovery  
18 disputes will be addressed at the upcoming status conference on  
19 February 10. It is so ordered.

20 I believe that concludes our business unless either  
21 counsel wishes to be heard on something further.

22 MR. BOSTANY: That's it, Judge. I think you covered  
23 everything.

24 MS. KOHLMANN: Your Honor, I do have one thing. I'm  
25 sorry.